

Workgroup 8: Alternative Regulatory Options

- 1. Charge:** This workgroup is charged to design, pilot, and implement alternative regulatory tools as recommended by the Stationary Source Strategy Workgroup #3. Deliberate consideration of funding must be an integral part of all tools developed. These tools may include but are not limited to, EMS/permits, model charters, and registration programs. (This workgroup is NOT responsible for development of expanded exemptions, registration permits or expanded general permits because these are being developed by workgroups 4 and 11.) The workgroup should start by establishing environmental goals to be achieved by the use of each alternative tool and the needs, both internal and external, that will be met by use of an alternative approach.

This group is also responsible for implementing the EPA State Innovation Grant related to piloting regulatory tools tailored to different sized facilities within a common sector.

Design phase should include establishing the criteria for use of a particular tool; compliance strategies that will need to accompany a tool so that environmental goals can be achieved; and measures to be used to assess whether a piloted tool has achieved the established goals and met identified needs of internal and external stakeholders.

When piloting an alternative regulatory tool, the workgroup should design pilots to enable data to be gathered on the environmental as well as the administrative impacts of the proposed alternative strategy. The purpose of piloting a program is to demonstrate that environmental goals can be achieved within the funding constraints of the air program and that the identified needs are met. As appropriate, the pilot should show whether or not use of the alternative program is better suited to meeting a particular need or goal than the existing permit program.

Where implementation of an alternative regulatory tool requires changes to administrative rules, this workgroup will be responsible for making those rule changes. The implementation phase should also establish a process to ensure consistency in the use and application of alternative regulatory tools. IT support needed to implement use of the alternative tool needs to be established by this workgroup as well.

This workgroup will begin in May 2004 and conduct research as directed by Workgroup 3. The date that this workgroup will conclude will depend on the tools recommended by Workgroup 3.

Potential Products:

- EMS/Permit program
- Tiered charter program
- A registration program like the Massachusetts ERP
- Data to support use of alternative tools
- An established process to be used in implementation

2. Targets that Apply to this Workgroup:

Process Target 2. By December 2005, develop, document, communicate, and manage an updated, consistent, and accurate process for issuing, renewing, and revising permits. Incorporate procedures for any new regulatory approaches into the process. Update procedures regularly.

Environment Target 1. The Air Program sets data driven environmental goals and outcomes. By June 2005, demonstrate how the primary compliance document aids in meeting these goals and outcomes by fostering compliance, promoting improved environmental performance and rewarding businesses that go beyond compliance.

Environment Target 2. By January 2005, provide data on the web which shows the relationship between local air pollution levels and public health. This will be continually evaluated and updated.

Financial Target 2. By June 2006, reduce by 40-50% the need to revise or modify permits. This could be accomplished by: sharing draft permits, incorporating flexibility; utilizing, modifying, or expanding exemptions; offering alternatives; or refining existing regulations. Evaluate the results of these strategies to ensure that they are consistent with our environmental and public input goals.

Innovation/Learning Target 2. By June 2006, the Air Program will have available at least two or more regulatory alternatives to traditional permitting for qualifying sources. Such alternatives will provide equal or better environmental protection and opportunity for public input.

3. Expected improvements resulting from workgroup products:

Improvements	Satisfies
Improve compliance with administrative requirements	LAB, APII
Availability of alternatives	Act 118 APII
Support sustainable program activities	NOD, APII

4. **People/Expertise/Skills to be On the Workgroup and Resources Needed:** The workgroup will require expertise for program design including pilot development, assessment, and recommendations for implementation. Implementation will include rule writing, process design and IT development, training and support. Hours will be estimated once recommendations are received from workgroup 3.

Resources	FY04-4	FY05-1	FY05-2	FY05-3	FY05-4	FY06-1
DNR Air Staff (2)						
DNR CEA staff (1)						
Other DNR program staff as needed						
Industry reps with experience in the tools being developed (2)						
Academic with experience in tools being developed (1)						
Dept of Commerce (1)						
Environmental/public organizations (2)						
IT expertise						

5. **Other people or projects this workgroup should coordinate with:** This workgroup is highly dependent on direction that will be provided by workgroup 3. The Alternative Regulatory Options workgroup will need to closely coordinate with the following workgroups:
- Public Involvement workgroup (#2) – Two way communication needs to remain open so that alternative strategies can be communicated to the public and interested parties, and public and interested parties can communicate how alternatives affect them.
 - Stationary Source Strategy workgroup (#3) – This group will drive the work of the alternative regulatory options group
 - Management workgroup (#5) – Communicate how alternate strategies can fit into the management structure, Find out management needs and ensure that they are part of alternative strategies.
 - Process and Technology Workgroup (#6) – Alternative regulatory options group will need to feed its specific IT needs to the IT team. The IT team will need to help this team understand what is available and possible with regard to IT

- Compliance core team – Any alternative regulatory strategy needs to have built in compliance strategy as well. The alternative regulatory options group will need to work closely with the compliance core team to ensure viability of such strategies
 - Permit core team – Alternative strategies will affect workload of permit team members. If regulatory options are expanded permit writer's skills will also need to be expanded. Core team needs to stay in the loop because of these potential impacts
 - Emissions Inventory Workgroup (#10) – It will be extremely important to coordinate with the fees team to ensure alternative strategies can be funded, how alternative strategies will impact fees, etc.
 - Air Management Team - Communicate how alternate strategies can fit into the management structure. Find out management needs and ensure that they are part of alternative strategies.
 - Mobile source and SIP Team - Need to understand impact of alternate strategies on SIP
 - CEA - To partner and use expertise and resources
 - Other programs if cross-media regulation is involved
6. **Dependencies – (what products does this workgroup rely on from others and vice versa):** This workgroup is highly dependent on decisions made by all three Phase 1 workgroups. In order to design appropriate alternative regulatory options the workgroup needs to have a clear understanding as follows:
- What types of regulatory tools will be recommended by workgroup 3
 - Needs to ensure that it's not duplicating work of workgroup 4.
 - Implementation phase of workgroup 8 will depend on data gathered during pilots
 - Constraints of State Innovation Grant
 - Funding constraints of the program